



Azerbaijan: Second Road Network Development Investment Program - Tranche 2

Project Name	Second Road Network Development Investment Program - Tranche 2				
Project Number	45389-004				
Country	Azerbaijan				
Project Status	Active				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3144-AZE: Second Road Network Development Investment Program - Tranche 2</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 250.00 million</td> </tr> </table>	Loan 3144-AZE: Second Road Network Development Investment Program - Tranche 2		Ordinary capital resources	US\$ 250.00 million
Loan 3144-AZE: Second Road Network Development Investment Program - Tranche 2					
Ordinary capital resources	US\$ 250.00 million				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration				
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	Transport - Road transport (non-urban) - Transport policies and institutional development				
Gender Equity and Mainstreaming	No gender elements				
Description	The project will finance construction of new motorway between Jalilabad and Shorsulu and provide capacity development. With progress having been made in the implementation of the first tranche, the land acquisition and resettlement plan (LARP) implemented, and works contractor mobilized, the government is now requesting ADB in the second PFR for Tranche 2 to help finance Project 2. Project 2 aims to develop Jalilabad to Shorsulu motorway section and provide sector capacity development. Tranche 2 will be the last tranche of the MFF.				
Project Rationale and Linkage to Country/Regional Strategy	The tranche 2 Project is a high priority of the government and is included in the Road Network Development Program under the Transport Sector Development Strategy. It forms part of the country's primary north_south highway linking the country's capital, Baku, to the neighboring countries. Currently, parts of the existing road section are in poor condition, resulting in high transport costs, long delivery times, and road traffic crashes. This constitutes an impediment to non-oil sector growth and poverty reduction in Azerbaijan, as well as regional trade development. Construction of the proposed motorway section completes the southern corridor and will promote national and regional trade, thus contributing to the achievement of the objectives of the state program on poverty reduction and economic development.				
Impact	sustainable economic growth in Azerbaijan and expanded trade with neighboring countries.				

Project Outcome

Description of Outcome	an adequate, efficient, safe, and sustainable motorway corridor between Shorsulu and Jalilabad in Azerbaijan.
Progress Toward Outcome	Project implementation is ongoing. Outcome will be assessed accordingly.
Implementation Progress	
Description of Project Outputs	About 30 km of a newly constructed motorway between Jalilabad and Shorsulu, and open to traffic; Improved program management and implementation capacities of AzerRoadService; and Improved transport sector governance.

Status of Implementation Progress (Outputs, Activities, and Issues)	<p>A midterm review mission was fielded on 13-21 October 2016 to review the implementation progress of ongoing road works. A time-bound action plan was agreed with the government and its implementation is ongoing.</p> <p>The civil works for Jalilabad-Shorsulu section (km 110+700 to km 80+600) commenced on 19 January 2016 with the contract completion date of 18 January 2019. The time elapsed ending 28 February 2017 is 406 days (37.0%) out of 1,095 days. The estimated overall work progress up to February 2017 is 36.7 % as against 43.4% of the planned progress.</p> <p>Construction supervision consultant contract was awarded on 29 October 2015. Ongoing project management and implementation support by the PMC.</p> <p>The road safety consultancy service is expected to start in Q2 2017. The consultancy service for development of road and pavement standards and guidelines is currently on hold. An EBRD-supported consultancy has carried out a study on the performance-based road maintenance contracts. The implementation of a pilot project is currently under discussion between EBRD and Government of Azerbaijan.</p>
---	--

Geographical Location	Masalli-Shorsulu
-----------------------	------------------

Safeguard Categories

Environment	A
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	<p>An environmental assessment and review framework was prepared for the entire MFF as required by ADB's Safeguard Policy Statement (2009). According to the MFF, each tranche is to be assessed and categorized separately. The proposed motorway is a new alignment, tranche 1 section passes through settled areas and tranche 2 section passes through wetlands. Project 2 is also classified as environment Category A.</p> <p>An environmental impact assessment (EIA) report was prepared for the entire alignment covering both sections under Project 1 and Project 2. The EIA was approved by ADB and disclosed on the ADB website in 2012. The EIA recommends specific mitigation measures with regard to motorway design and construction and a robust long-term monitoring program. The contracts for the supervision consultant, program management consultant, and civil works will include stringent provisions for compliance with environmental safeguards. An ecological expert and environmental specialist will be engaged to ensure implementation of the environmental management plan. Assurances to mitigate potential harm to the wetlands are also included in the framework financing agreement and loan agreements.</p>
Involuntary Resettlement	<p>The Project is categorized 'B' for resettlement. A LARP for the Program was prepared and approved in July 2012. The LARP was prepared for the Project and land acquisition is complete. A due diligence report was prepared in July 2013, and the LARP was reviewed and updated in March 2014. Except for 6 vulnerable households who lose more than 10% of their land and will be provided employment when construction commences all compensation payments have been made and no outstanding issues are identified. The construction of the Project requires the acquisition of approximately 172.5 ha in 3 villages within the districts of Neftchala, Bilasuvar, and Jalilabad including 55.22 ha of private land, 21.99 ha of municipality-owned land and 95.29 ha of State reserve land. There is no impact to structures and trees. In total, 86 households will be affected. ARS will submit internal monitoring reports once the construction work commences. Grievance will be monitored through the supervision consultant.</p>
Indigenous Peoples	<p>The Project has no adverse impact on indigenous peoples. Ethnic Azeri accounts for most of the population in the project area; few other nationalities include Talysh, who are not negatively affected by the Project. Project is thus classified as Category C for indigenous peoples as defined under ADB's SPS (2009).</p>

Stakeholder Communication, Participation, and Consultation

During Project Design	Conducted in 2012 and also updated in 2014 while updating the LARP.
During Project Implementation	Consultation will be conducted during project implementation, when required.

Business Opportunities

Consulting Services	Consultant recruitment financed follows ADB's Guidelines on the use of Consultants (2013, as amended from time to time).
Procurement	Procurement of goods and works follows ADB's Procurement Guidelines (2013, as amended from time to time).

Responsible Staff

Responsible ADB Officer	Wu, Zheng
-------------------------	-----------

Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Transport and Communications Division, CWRD
Executing Agencies	"Azeravtoyol" Open Joint-Stock Company Mr. Saleh Mammadov INFO@AYS.GOV.AZ Block 2025, R. Ismayilov Str., Bilajari Settlement, Binagadi Distr., Baku, Azerbaijan Republic, AZ1117 Baku

Timetable

Concept Clearance	-
Fact Finding	-
MRM	28 May 2014
Approval	29 Jul 2014
Last Review Mission	-
Last PDS Update	20 Mar 2017

Loan 3144-AZE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
29 Jul 2014	29 Dec 2014	16 Jun 2015	31 Dec 2020	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	332.00	Cumulative Contract Awards			
ADB	250.00	29 Jul 2014	103.75	0.00	42%
Counterpart	82.00	Cumulative Disbursements			
Cofinancing	0.00	29 Jul 2014	68.25	0.00	27%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	-	-	-	Satisfactory

Project Page	https://www.adb.org/projects/45389-004/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=45389-004
Date Generated	06 July 2017

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.